State Dept. review completed

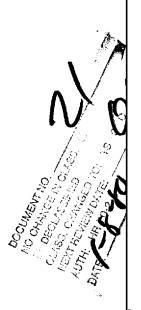
NSC BRIEFING

21 July 1954

## INDOCHINA

I. With armistice achieved, main French effort apparently to maintain "presence" in south, to detriment of possibly more effective and popular type Vietnamese government, able rally nationwide support.

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- B. French are cool toward Diem government and fear Diem's public outcries against abandonment of Tonkin may unsettle truce.
  - At Diem's direction, Vietnam delegation at Geneva has formally protested truce terms.
  - 2. General Ely told Ambassador Heath in Saigon that he would take strong action against any Vietnam-incited disorders, even to extent of arresting Diem if necessary.
  - 3. Diem has already organized antipartition demonstrations in Hanoi
    and Saigon. Demonstrations were
    orderly.
  - 4. High Vietnamese official at Geneva has warned that any French repression of "genuine nationalists" would force nationalists into coalition with Communists against France, as primary obstacle to independence.

- II. Even under optimum conditions, Vietnam government will be hard put to pose serious challenge to Viet Minh in scheduled 1956 elections.
  - A. Present Diem regime, long on zeal, is short on administrative ability.
  - B. Tremendous problem of rooting out corruption aggravated by Bao Dai's continued profitable association with corrupt police force.
  - C. Assets in political warfare against Viet

    Minh, most notably issue of Chinese

    Communist domination latter, more than

    offset by Vietnamese fear French intend

    to remain on top in what's left of Vietnam.

